

Renewal of Voter- Approved Millage

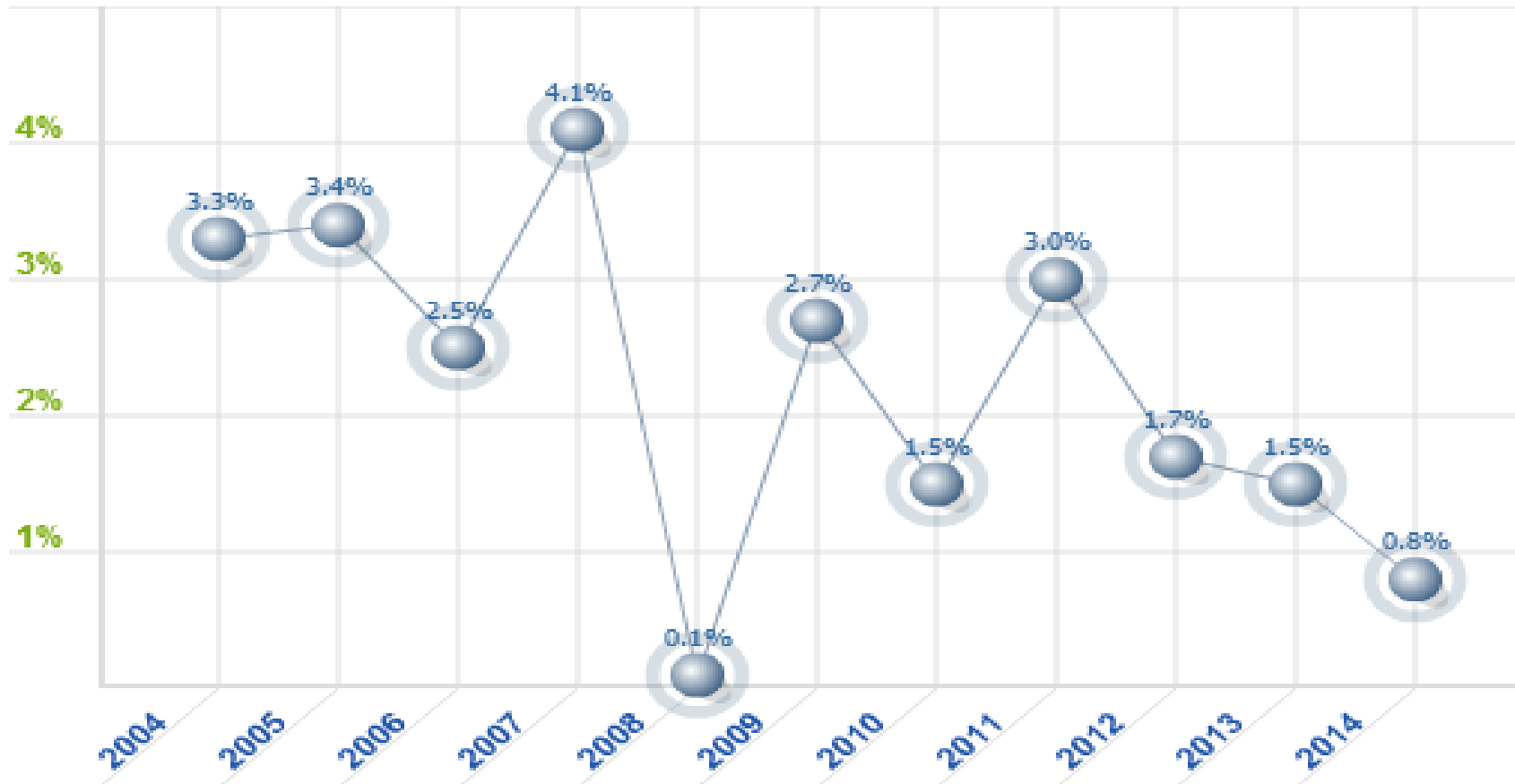
City of Ferndale, Michigan
February 9, 2015

The \$2.6 million dollar question: Property values have begun to rise, so why are we here?

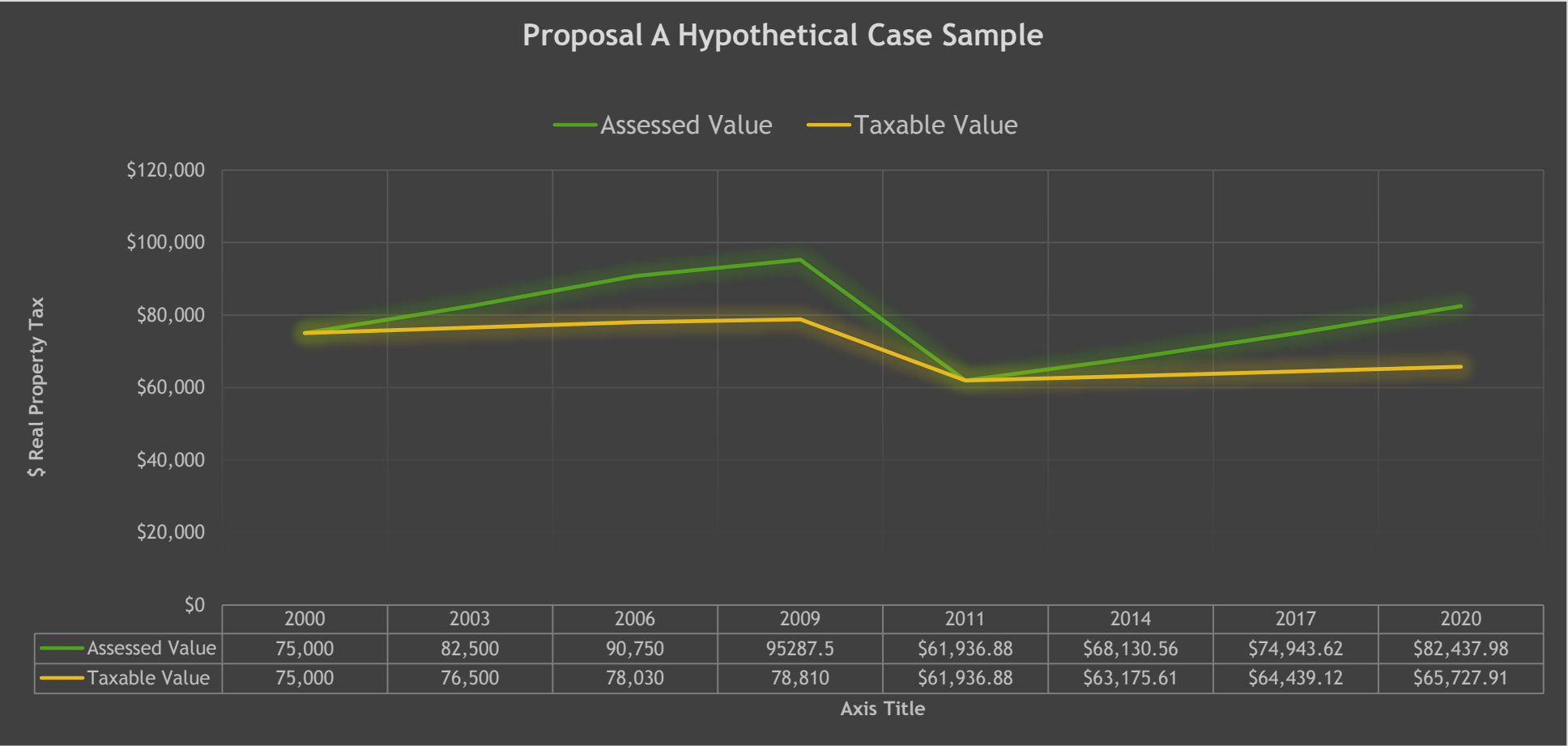
- ▶ Headlee Amendment (1978)—Limits revenue from property assessment increases for City
 - ▶ Requires City to roll back millage rates to offset property assessment increases
 - ▶ City's current authorized operating millage under Headlee limitation: **14.5528**
 - ▶ Charter-approved operating limit: **20 mills**
 - ▶ Headlee mill rate rollback amount: **5.4452**
- ▶ Proposal A caps potential for revenue growth from increased property assessments at 5% or the rate of inflation, whichever is less

Inflation rate average 2%

Inflation Rates Graph (2004-2014)

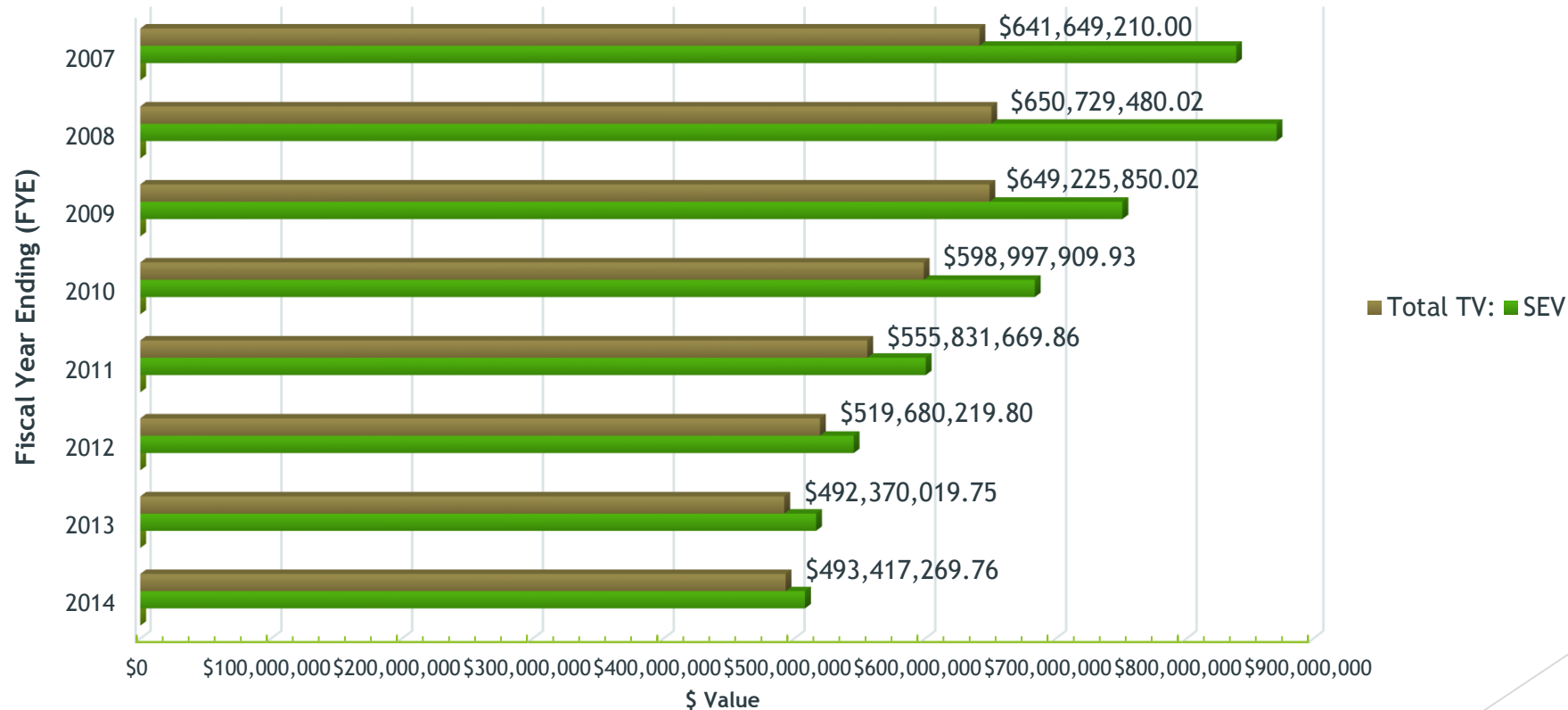


Proposal A: (1994) Constrains the City's ability to grow revenues as property values rise



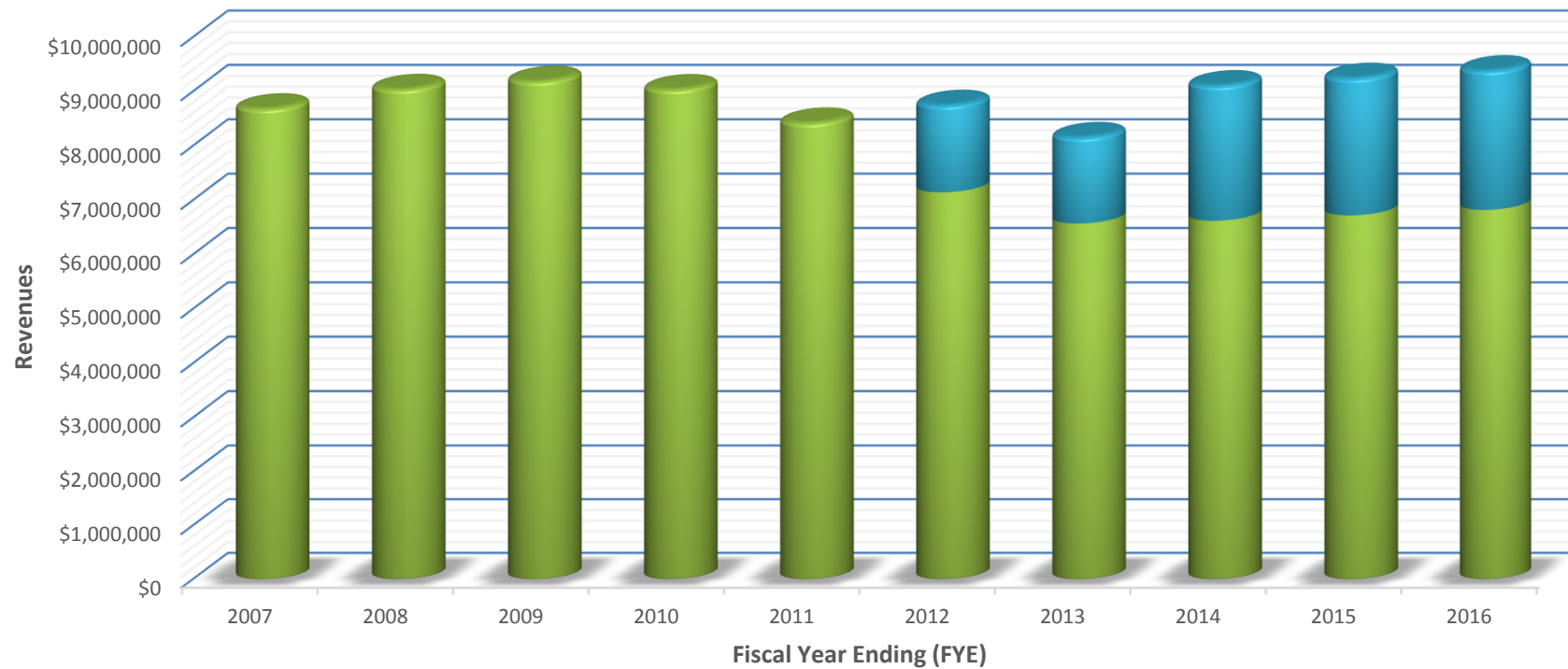
Taxable value down 23% from FYE 2007

Community-wide value history: FYE 2007-2014
State equalized value vs. taxable value



Property tax revenues are below 2007 levels

Property Taxes: 2007-2016



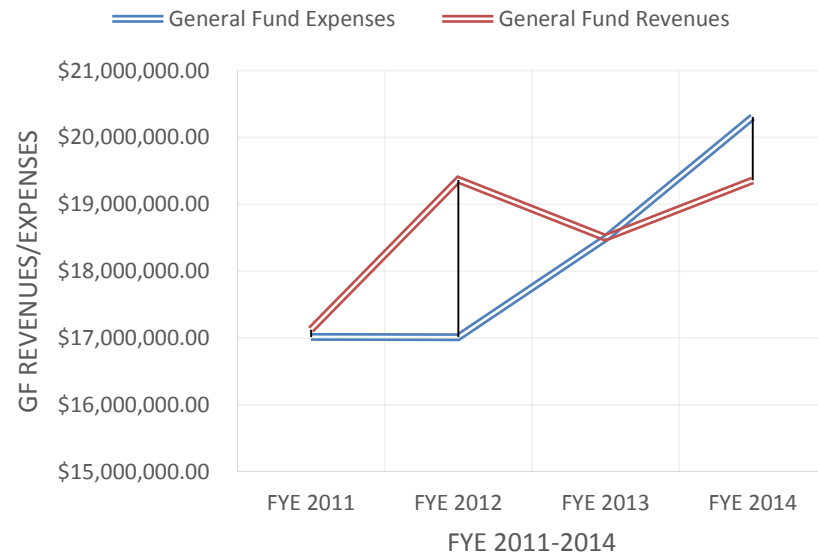
Source: City of Ferndale Financial Statements: FYE 2007-2014
*FYE 2015-2016 projected 1.5% inflation increase

Two different stories: FYE 2011-2014

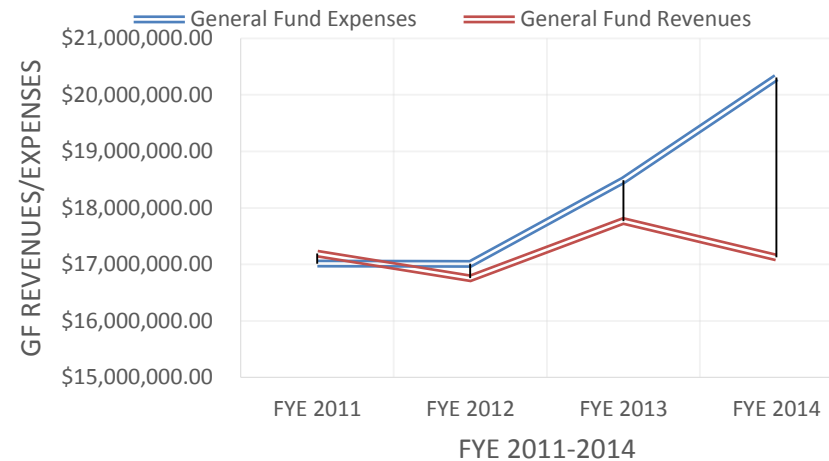
With voter-
approved millage

Without voter-
approved millage

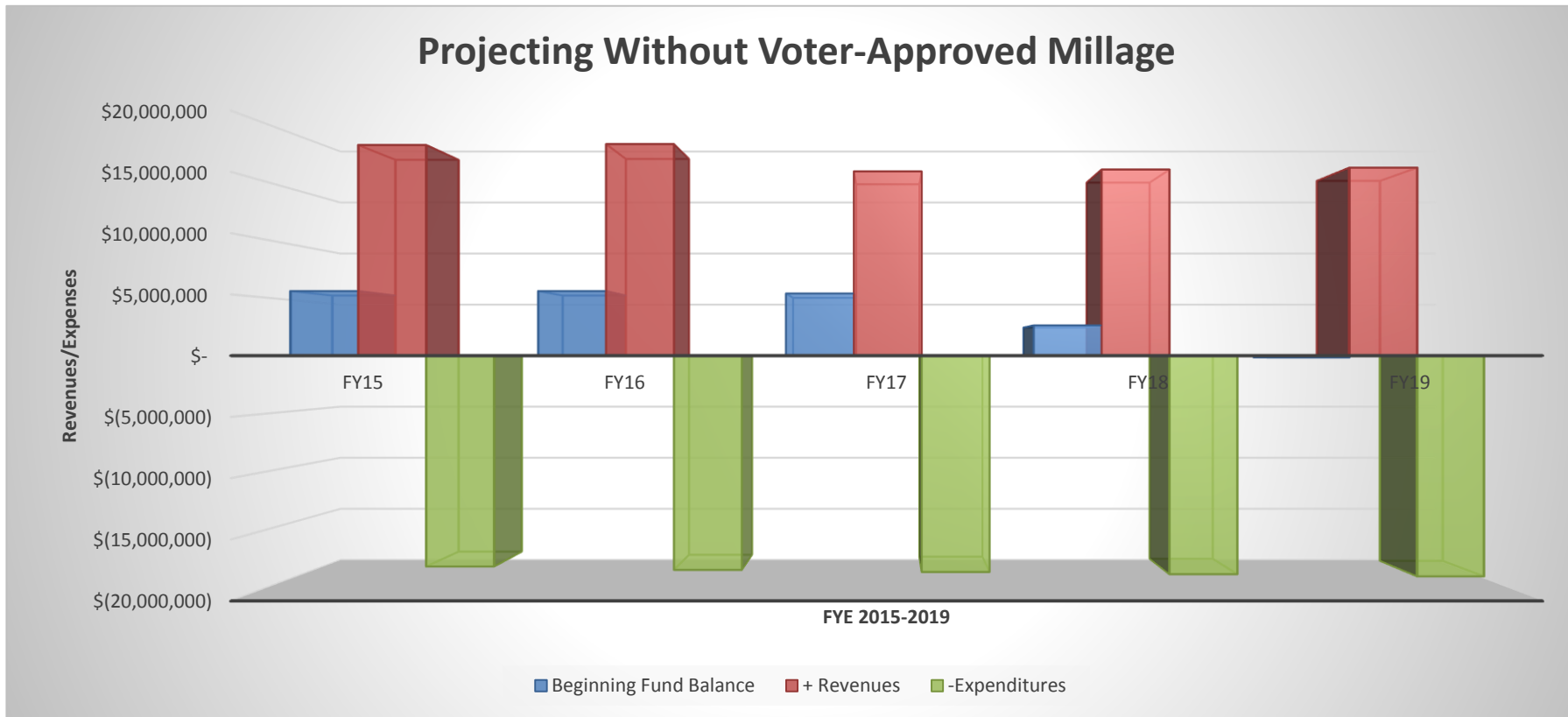
GF WITH VOTER MILLAGE



GF WITHOUT VOTER
MILLAGE



Without voter-approved millage: Fund balance depleted by FYE 2019



Fund balance in FYE 2015: \$5,591,698

Tax impact on typical Ferndale household: \$75,000 taxable value

	Mill Amount	2015 Tax Payment	2016 Expected Tax Payment
Voter-Approved Headlee	5.4552	\$409.14	\$409.14

What does the General Fund pay for?



Recreation
Public Services

Events
Arts at City Hall
1/22/2015 - 3/5/2015
The Ferndale Arts & Commissions (FAC) is proud to present "Arts at City Hall," exhibiting artwork by local artist at the Ferndale City Hall located at 300 East Nine Mile Road...
The FAC's first exhibit will feature paintings by Kelli Decker from Thursday, January 22 to...



Which services aren't paid for by the General Fund?

- ▶ Parking
- ▶ Water/sewer
- ▶ Major & local street maintenance
- ▶ Sanitation services



2011-2014: What have we been up to?

Kinetic energy

- ▶ Energy & momentum gained through momentum begets a growth in energy
- ▶ Body maintains momentum unless energy disrupted

Let's get metaphorical

- ▶ Resident re-investment sparks new movement
- ▶ Movement results in restructure, investment with an eye on the future
- ▶ The City maintains energy and momentum unless the speed changes

DPW finds more than \$600,000 in annual savings

Training

- Bringing annual tree work in house saves more than **\$168k** in contract costs.

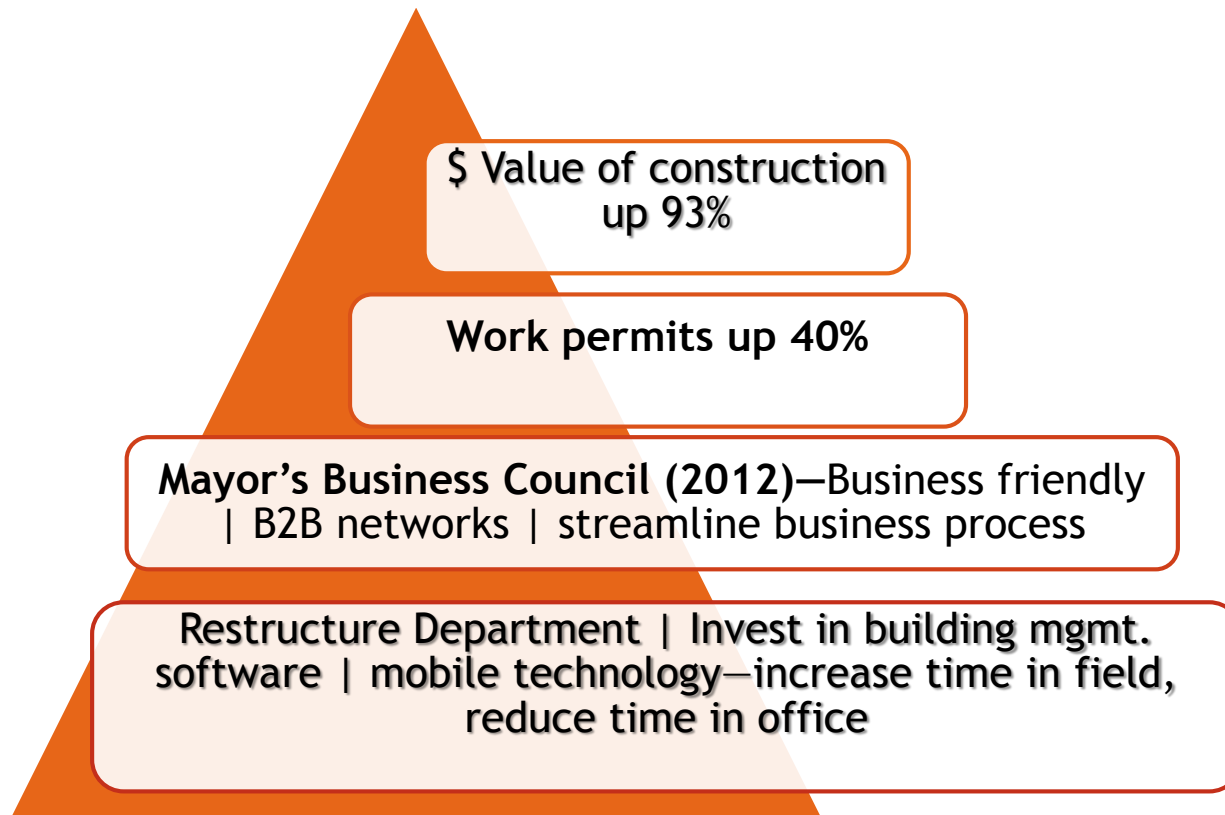
Strategic Hiring

- Hiring for skills: Masonry, concrete/pavement work, and electrical saves more than **\$350k** in contract costs.

Technology

- Sign Shop software upgrades and sewer televising equipment/software save more than **\$100k** in contract costs and efficiencies.

City viewed as business friendly— A smart place to invest

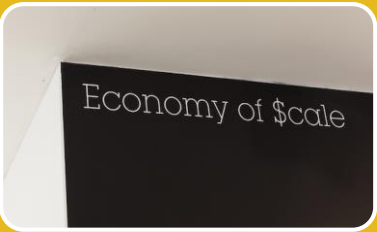


Becoming a leader in municipal IT and communications



Reconstructing the City's network

- Protecting your data through information security
- Mobile offices—pushing work into the field and out of the office
- Connectivity and hardware reductions—reducing server replacement through virtualization and NAS



Saving more than \$60,000 in purchasing through scale of economy

- Computer/equipment replacement programs
- Scale purchasing and volume licensing
- Organizing Citywide technology through budget process—developing strategic investments through coordination and desiloing



Establishing online City services and communications

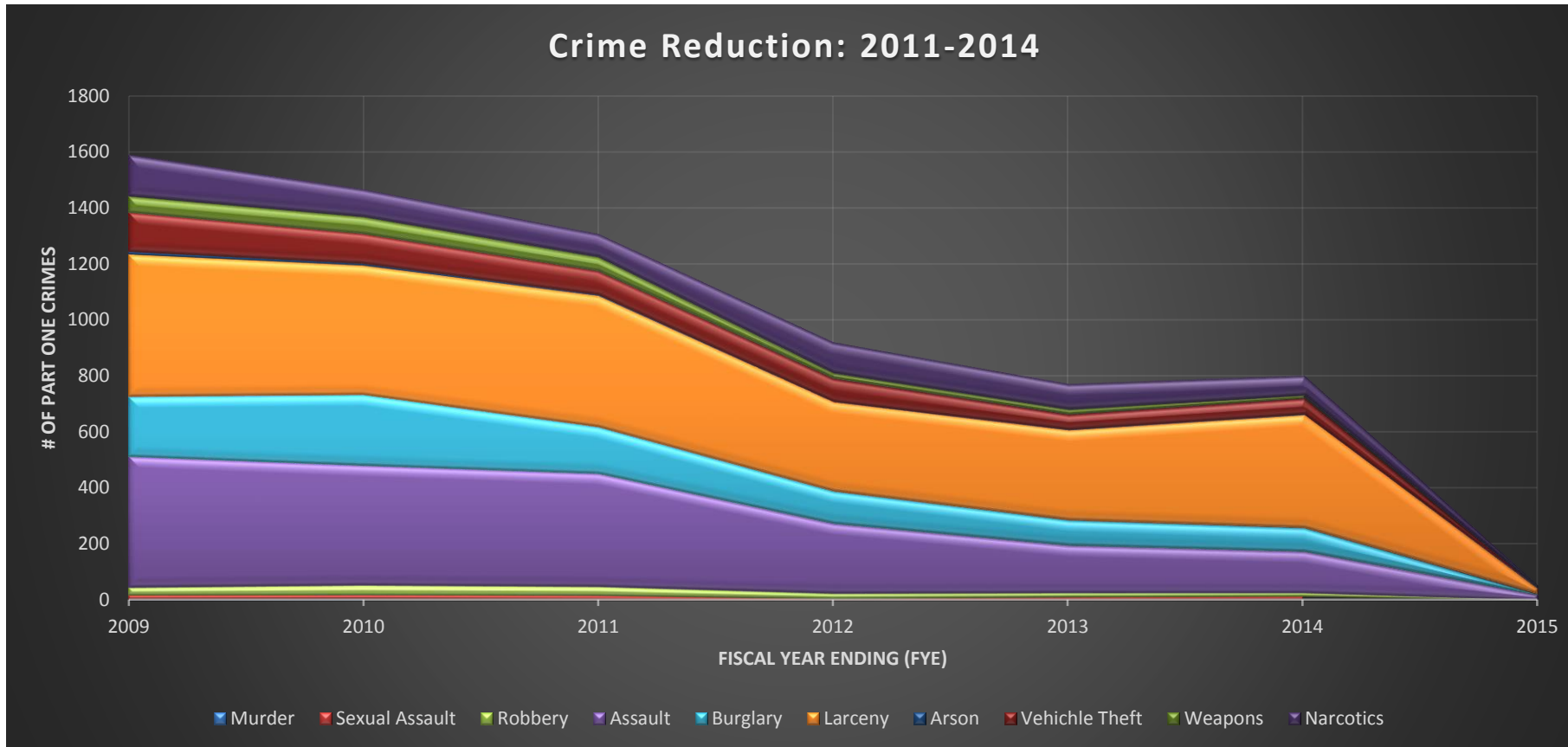
- Launched www.ferndalemi.gov—eliminated www.ferndale-mi.com
- Launched the beginning of City online payments: water, property taxes
- Established City social media presence, City text notification service

City opts for long-term wellness: Strategic human resource management



Ferndale PD Does More with Less

Overall Part 1 Crime Rates down 50% since 2009



Source: Oakland County CLEMIS Report: 2009-YTD

Ferndale Fire - A Lean Mean Fire Fighting Machine

- ▶ Successfully Renews Contracts with Pleasant Ridge and Royal Oak Township
- ▶ New Network provides Fire Marshal with Mobile Office - more time in the field, less time in the office.
- ▶ Have reduced staffing minimums to help manage costs



43rd District Court: Improved the Face of Ferndale's Justice System without GF Dollars



City financial health improves

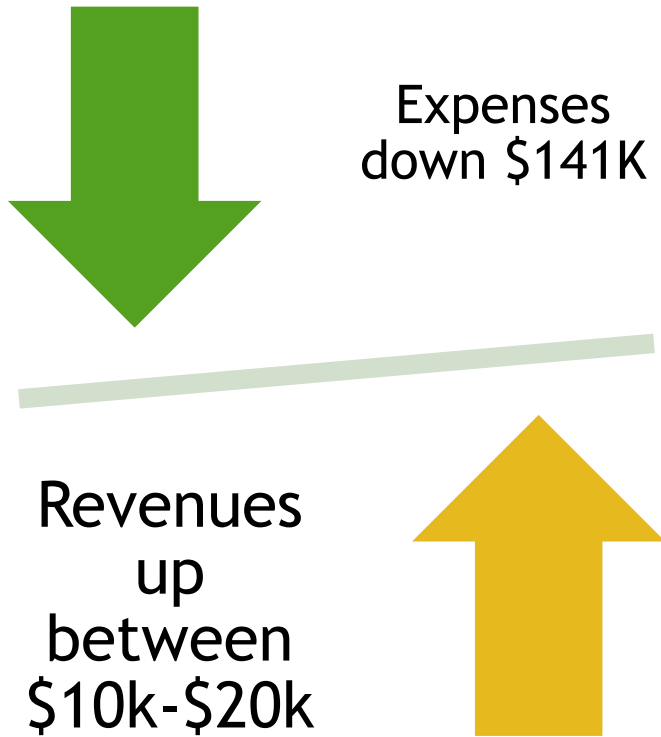
**(2014) S&P
upgrades City
credit rating
from A+ to AA-**

- Lower bond interest rates
- Attractive business environment
- City has stable fund balance (cash reserves) for rainy day

**Finance
department
restructures**

- City Hall adds terminals; reduces lines
- Online payments
- Staffing efficiencies through cross training

Recreation continues to do more with less since FYE 2011



Staff remains dedicated through cost saving measures

- ▶ Reduction in Friday operating hours = -104 hours/year for all AFSCME 998 members
- ▶ Administrative employees work with minimal increases
- ▶ 20% healthcare premium cost sharing put in place for all employees except police and fire
- ▶ Strategic restructuring
- ▶ As employees leave, we hire to realign talents
 - ▶ Minimal staff increases
 - ▶ Strategic about new hires—makes service delivery more robust with less

Loss of \$2.6 million annually = apx 15% revenue loss

The City would have to reconsider how to maintain service quality

- ▶ Reduced service levels through personnel cuts
- ▶ Delayed or eliminated capital improvement/replacement projects
- ▶ Delayed or eliminated technology investments/advancements